



## FREDDIE MAC 100/3

### I. PROGRAM SUMMARY

<b>PROGRAM DESCRIPTION</b>	<p>The <b>Freddie Mac 100/3</b> program provides enhanced affordability and homeownership opportunities for low-to-moderate income California residents, and for Sworn Public Safety Officers who are purchasing in the County of Los Angeles. The program consists of two options:</p> <ol style="list-style-type: none"><li>1) <u>Option 1</u>: A 100% LTV Freddie Mac fixed rate first loan, or</li><li>2) <u>Option 2 - For Sworn Public Safety Officers</u>: A 100% LTV Freddie Mac fixed-rate first loan, combined with a Mortgage Insurance Services 3% Silent Second Loan Program (SSLP). The proceeds of the silent second can be used for the down payment and/or closing costs. The second loan has a simple interest rate, currently 5%, and with a term of 30 years; however, payments on the second loan are deferred for the life of the first loan (see Repayment of Silent Second Loan below). The participating lender draws and funds both the first and second loans; after the loans close and the investor purchases the first loan, CalHFA purchases and services the second loan.</li></ol>
<b>TARGET MARKETS</b>	<p>This program has two specific audiences:</p> <ol style="list-style-type: none"><li>1) Low-to-moderate income borrowers, and</li><li>2) Sworn public safety officers purchasing within the County of Los Angeles</li></ol> <p>Program parameters may vary slightly by audience.</p>
<b>PARTICIPATING LENDERS</b>	<ol style="list-style-type: none"><li>1) <u>Option 1</u>: <u>Delegated</u>:<ul style="list-style-type: none"><li>• North American Mortgage Corporation/Washington Mutual</li><li>• Countrywide</li></ul><u>Non-Delegated</u>:<ul style="list-style-type: none"><li>• Irwin</li><li>• Family Savings</li><li>• Secured Bankers</li><li>• Chase</li></ul></li><li>2) <u>Option 2- for Sworn Public Safety Officers</u>: <u>Delegated</u>:<ul style="list-style-type: none"><li>• North American Mortgage Corporation/Washington Mutual</li></ul><u>Non-Delegated</u>:<ul style="list-style-type: none"><li>• Irwin</li></ul></li></ol>

<b>BORROWER ELIGIBILITY</b>	<p>Borrower must meet the following requirements:</p> <ul style="list-style-type: none"> <li>• Be a U.S. citizen or permanent resident alien</li> <li>• Not own other residential dwellings except a home which they are selling at or prior to the purchase of the subject property</li> <li>• Occupy the property as their primary residence; non-occupant co-borrowers are not allowed</li> </ul>
<b>PROPERTY ELIGIBILITY</b>	<p>Properties must meet all of the following requirements:</p> <ul style="list-style-type: none"> <li>• Be a single-family residence (SFR), including approved condo/PUDs</li> <li>• Condo/PUDs must meet Freddie Mac guidelines</li> <li>• <u>For Option 2- Sworn Public Safety Officers</u>: Property must be located within the County of Los Angeles</li> </ul>
<b>DOWN PAYMENT REQUIREMENTS</b>	0%
<b>BORROWER MINIMUM CONTRIBUTION</b>	0%
<b>TRANSACTION TYPE</b>	Purchase only.
<b>MAXIMUM SALES PRICE</b>	None stated.
<b>MAXIMUM LOAN AMOUNT</b>	\$300,700 (first loan).
<b>INCOME LIMITS</b>	<p><u>Option 1</u>: Borrower's income cannot exceed 120% of HUD median income for the area in which the borrower is purchasing.</p> <p><u>Option 2 - For Sworn Public Safety Officers</u>: No income limits.</p>
<b>MORTGAGE INSURANCE</b>	<p>Mortgage insurance from Mortgage Insurance Services is required on the first loan, as follows:</p> <p><u>Option 1: (MI Premium Plan #137)</u></p> <ul style="list-style-type: none"> <li>• Coverage: 55%</li> <li>• Cost: 102 bps</li> <li>• Due: Annual</li> </ul> <p><u>Option 1: (MI Premium Plan #138)</u></p> <ul style="list-style-type: none"> <li>• Coverage: 55%</li> <li>• Cost: 102 bps</li> <li>• Due: Monthly</li> </ul> <p><u>Option 2 - Sworn Public Safety Officers: (MI Premium Plan #139)</u></p> <ul style="list-style-type: none"> <li>• Coverage: 55%</li> <li>• Cost: 119 bps</li> <li>• Due: Annual</li> </ul>

<b>SELLER CONTRIBUTIONS</b>	Seller contributions are acceptable, up to 3% of the sales price; must be used for non-recurring closing costs only.
<b>BUYDOWNS</b>	Permanent buydowns are allowed; no temporary buydowns.
<b>REPAYMENT OF MORTGAGE INSURANCE SERVICES SILENT SECOND LOAN PROGRAM (SSLP)</b>	<p><u>Option 2 - For Sworn Public Safety Officers:</u>  Payment of principal and interest on the Mortgage Insurance Services silent second loan is due and payable when:</p> <ul style="list-style-type: none"> <li>• The first Note and Deed of Trust become due and payable</li> <li>• The first Note and Deed of Trust loan is paid in full</li> <li>• The first Note and Deed of Trust is refinanced</li> <li>• The property is sold</li> <li>• Until and in the event of the formal filing and recording of a Notice of Default, unless rescinded, or</li> <li>• If the property is no longer occupied as a principal residence by the borrower</li> </ul> <p>Upon the occurrence of any of the above, the entire principal and interest on the loan is due and payable. Prepayment penalties are not permitted.</p> <p>Mortgage Insurance Services silent second loans are not assumable.</p>
<b>PURCHASE OF MORTGAGE INSURANCE SERVICES SILENT SECOND LOAN - PROCESS FLOW</b>	Refer to Mortgage Insurance Services Bulletin #02-2002 for loan delivery and purchase information <a href="http://www.calhfa.ca.gov/insurance/resources/bulletins/2002.htm">www.calhfa.ca.gov/insurance/resources/bulletins/2002.htm</a>
<b>MAXIMUM AVAILABILITY</b>	\$100 MM

## II. UNDERWRITING CRITERIA

<b>MINIMUM FICO SCORE</b>	Borrowers must have a minimum FICO credit score of 660, or greater. The aggregate amount of first loans for which the FICO score for all applicants is between 620 and 659 may not exceed 20% of the maximum availability.
<b>RATIOS</b>	Total debt-to-income ratio cannot exceed 41%.
<b>CASH RESERVES</b>	Borrower is required to have two months cash reserves to cover PITI.

<b>HOMEBUYER ED. REQUIREMENT</b>	None required.
<b>SUBORDINATE FINANCING/SILENT SECOND LOAN</b>	<u>Option 1 - For Sworn Public Safety Officers:</u> Since loan repayment is deferred, the repayment is not included in the qualifying ratios.
<b>INCOME REQUIREMENTS</b>	Refer to investor guidelines.

**IMPORTANT DISCLOSURE INFORMATION:**

The information provided in this program description is for guidance only. While we have taken care to provide accurate information, we cannot cover every circumstance nor program nuance. Lenders will need to refer to investor guidelines for specific underwriting and compliance issues. Lenders should be aware that Mortgage Insurance Services' underwriting guidelines are for mortgage insurance only, and not necessarily the same as restrictions imposed by the investor. The more restrictive guidelines apply. This program description is subject to change from time to time without prior notice.

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